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**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
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**WTO Panel Rejects Canadian Challenge to U.S. Law**

WASHINGTON - The Office of the U.S. Trade Representative (USTR) confirmed today that the World Trade Organization (WTO) has issued a final report upholding a U.S. law that establishes the time frame for implementing WTO rulings in antidumping and countervailing duty cases. In response to inaccurate public reports, USTR is releasing the following information on the ruling.

The WTO ruling rejected a challenge from Canada, which argued that the U.S. law, section 129(c)(1) of the Uruguay Round Agreements Act (URAA), was inconsistent with WTO rules. Canada had sought a ruling that would have required the United States to retroactively refund duties if it loses a WTO case challenging an antidumping or countervailing duty order. The case was part of Canada's broader strategy of contesting U.S. antidumping and countervailing duty orders on softwood lumber.

In rejecting Canada's challenge, the WTO panel agreed with the United States that Canada had misinterpreted section 129(c)(1). The panel found that section 129(c)(1) did not breach any of the WTO provisions that Canada had cited. The panel also refused Canada's request to issue legal findings on WTO provisions that section 129(c)(1) did not implicate.

**Background:**

Canada requested consultations on section 129(c)(1) of the Uruguay Round Agreements Act (URAA) in January 2001. Section 129(c)(1) states that in instances in which a WTO panel report results in the modification or revocation of a U.S. antidumping or countervailing duty order, the determination implementing the panel report must be prospective. In other words, imports made prior to the time that the USTR directs the Commerce Department to modify or revoke the order would not be subject to the new determination.

Canada argued that section 129(c)(1) is inconsistent with various provisions of the WTO Dispute Settlement Understanding, the GATT 1994, the WTO Subsidies Agreement, the WTO Antidumping

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Agreement, and the Marrakesh Agreement. The case was part of Canada's overall strategy in challenging U.S. antidumping and countervailing duty orders on softwood lumber.

The WTO panel, which was established in August 2001, issued its report on June 12, 2002. The panel report will be released to the public in mid-July. The brief that USTR submitted to the panel in the dispute are available on the USTR website at [www.ustr.gov/enforcement/brief](http://www.ustr.gov/enforcement/brief).

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